

**EXHIBIT B**  
**FINANCIAL STATEMENTS**

**Athletic Nation Franchise Corp.**

Balance Sheet

November 21, 2006

with

Report of Independent Auditors

WILSON  
MARKLE  
STUCKEY  
HARDESTY  
& BOTT

Report of Independent Auditors

The Board of Directors  
Athletic Nation Franchise Corp.

We have audited the accompanying balance sheet of Athletic Nation Franchise Corp. as of November 21, 2006. The balance sheet is the responsibility of the management of Athletic Nation Franchise Corp. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above present fairly, in all material respects, the financial position of Athletic Nation Franchise Corp. as of November 21, 2006 in conformity with accounting principles generally accepted in the United States.

*Wilson Markle Stuckey Hardesty & Bott*  
Wilson Markle Stuckey Hardesty & Bott  
November 21, 2006

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Certified Public Accountants - A Professional Corporation  
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**Athletic Nation Franchise Corp.**  
Balance Sheet  
November 21, 2006

Assets

Current assets

Cash in bank	<u>\$ 40,000</u>
Total current assets	<u>40,000</u>
Total assets	<u><u>\$ 40,000</u></u>

Stockholder's Equity

Stockholder's equity

Common stock, no par value, 1,000,000 shares authorized, no shares issued or outstanding	\$ -
Common stock subscribed	<u>40,000</u>
Total stockholder's equity	<u><u>\$ 40,000</u></u>

See accompanying note.

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**Athletic Nation Franchise Corp.**  
Note to Balance Sheet  
November 21, 2006

Summary of significant accounting policies

Basis of presentation

Athletic Nation Franchise Corp. (the Company) is a California corporation formed on November 1, 2006. The Company will sell franchises in the health and fitness business.

Basis of accounting

The Company will maintain its books on the accrual basis of accounting.

Revenues

Revenues will consist of sales of area franchises. Revenues from franchise sales will be recognized when the Company fulfills substantially all of its obligations to the franchisee. Those obligations consist principally of providing training, operating materials and other consulting support prior to the franchisee commencing operations.

Cash in bank

Cash in bank consist of amounts on deposit with a commercial bank in a non-interest bearing account, available on demand. Cash balances may exceed federal deposit insurance limits at various dates during a year.

Use of estimates

The Company prepares its balance sheet in accordance with accounting principles generally accepted in the United States. The preparation of the balance sheet in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts and disclosures reported in the balance sheet. Actual results could differ from those estimated.

Advertising costs

Costs incurred for producing and communicating advertising will be expensed when incurred.

Allowance for uncollectible accounts receivable

The Company will use the allowance method to account for uncollectible accounts receivable. Under this method, the Company will review all receivables for any problems with collection. If the Company feels that there may be a problem with collections, an allowance will be provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and will be written off against the allowance.

**Athletic Nation Franchise Corp.**  
Notes to Financial Statements  
November 21, 2006

Summary of significant accounting policies (continued)

Estimated fair value of financial instruments

Statement of Financial Accounting Standards No. 107, "Disclosure about Fair Value of Financial Instruments," requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized on the balance sheet. Management estimates that the aggregate net fair value of financial instruments recognized on the balance sheet (including receivables, payables and accrued expenses) approximates their carrying value, as such financial instruments are short-term in nature, bear interest at current market rates or are subject to repricing.